

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 2, 2019/2020

### BAC4694 – FORENSIC ACCOUNTING

( All sections / Groups )

12 MARCH 2020  
9.00 a.m - 12.00 p.m  
( 3 Hours )

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#### INSTRUCTIONS TO STUDENTS

1. This question paper contains **FOUR** questions in **THREE** printed pages excluding the cover page.
2. Answer ALL questions in the Answer Booklet provided.

**QUESTION 1**

KUALA LUMPUR: The former group adviser and managing director of oil-and-gas services provider Tanjung Offshore Bhd, has claimed trial to two charges of fraudulent inducement and money-laundering.

Datuk Harzani Azmi, 49, was charged at a Sessions Court here today with fraudulent inducement under Section 366 (1) (a) of the Companies Act 1965, which is punishable with 10 years' imprisonment, a RM250,000 fine or both.

For the second charge, he faces a maximum fine of RM5mil or five years in jail, or both under Section 4(1)(a) of the Anti-Money Laundering and Anti-Terrorism Financing Act 2001, if convicted.

Harzani was represented by Datuk N. Sivananthan.

Sessions Court Judge Mohd Nasir Nordin set bail at RM100,000 for each charge and fixed March 23 for next mention.

*Source: The Star, 16 February 2016*

**REQUIRED:**

- (a) Identify whether the above case is a civil or criminal litigation trial. Support your answer with specific reasoning.  
(9 marks)
- (b) In the investigation of a civil or criminal matter, describe how does the forensic accountant obtain the necessary information?  
(9 marks)
- (c) Outline the knowledge and skills required as forensic accountants to investigate the case above.  
(7 marks)

**[TOTAL 25 MARKS]**

**Continued...**

**QUESTION 2**

You are working as fraud examiner in a company and you have been hired by Mr. Lim, the owner of a manufacturing company, to investigate employee fraud conducted by Miss Amy. Miss Amy is in charge of Account Receivables in the company. Your team leader instructed you to start the investigation immediately fearing the evidence could be destroyed. You have access to some of Miss Amy's documents.

**REQUIRED:**

- (a) Explain **THREE** ways that Miss Amy could conduct Account Receivable fraud. (9 marks)
- (b) Explain the indicators of concealment that you can trace from Miss Amy's activities. (8 marks)
- (c) You also plan to conduct an interview with Miss Amy. Determine what persuasive approach you can implement to ensure that you can obtain her cooperation. (8 marks)

**[TOTAL 25 MARKS]**

**QUESTION 3**

Money laundering is the main cause for people to engage in almost any type of criminal activity. Money-laundering is the process of concealing the source of illicit funds or "dirty money". Financial crime has been growing steadily in recent years for various reasons. A report said the annual cost of financial crime to the global economy is estimated at US\$1.45 trillion – US\$166bil in Asia Pacific – according to the 2018 Thomson Reuters True Cost of Financial Crime report.

*Source: The Star, 25 May 2019*

**REQUIRED:**

- (a) Determine the **THREE** different possible methods for each money laundering phases. (12 marks)
- (b) Discuss how would a forensic accountant investigate the computers if given the subpoena power? (8 marks)
- (c) Explain the data mining process in order to suggest a fraud detection system. (5 marks)

**[TOTAL 25 MARKS]**

**Continued...**

**QUESTION 4**

Mr. Fairuz is the owner of Harum Store in a small town. Many of his employees have worked for this company for years, and he knows them and their families very well. Because his business is relatively small, and he knows his employees well, he has not worried about establishing sufficient internal controls. He does set example on how he wishes his employees to work. He is actively involved in the business, and he provides adequate training to new employees.

One day, Mr. Fairuz became suspicious about Aiman who is an employee at the checkout desk. Mr. Fairuz feared Aiman might be stealing from the company by altering the day's total at his register. Aiman has worked for 10 years with Mr. Fairuz, and he has always been honest and reliable. After several week of investigation, Mr. Fairuz discovered that Aiman has been stealing from the company. Mr. Fairuz confronted him with the evidence, and he admitted of stealing RM20,000 over several years. He explained that, at first, he stole mainly to pay small gifts for his wife and young children. But then last year, his wife lost her job, they had another child, and he was not sure how to pay the bills.

**REQUIRED:**

- (a) Describe any legal issues that could affect your investigation. (8 marks)
- (b) Explain the elements of fraud triangle in Harum Store. (9 marks)
- (c) Determine the process of optimizing detection control at Harum Store. (8 marks)

**[TOTAL 25 MARKS]**

**END OF PAPER**